

Sustainable Forest Products Global Alliance

Third Quarter Report

Submitted by Metafore and World Wildlife Fund

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April 1, 2003 through June 30, 2004

1.	Introduction.....	3
2.	Expected Achievements and Benchmarks.....	3
3.	Global Highlights.....	4
4.	Regional Highlights	5
	Consumer Countries	5
	Latin America and the Caribbean	7
	Asia and the Near East	9
	Africa	10
	Europe and Eurasia.....	10
	Table 1. Producer Group Membership (May 2004 Data).....	11
5.	Corporate Partners.....	12
	Existing Partnerships	12
	Table 2: Status of Existing Partnerships and Leverage.....	12
	Partnerships in development	14
Annex 1:	Activities Table.....	16
Annex 2:	Alliance Chronicles	20
	The Miskito's Forest in Nicaragua: Looking for a Worthwhile Alternative.....	20
	Using Market Knowledge to Advance Global Forest Sustainability.....	22

Sustainable Forest Products Global Alliance Third Quarter Report

April 1, 2003 through June 30, 2004

1. *Introduction*

The Sustainable Forest Products Global Alliance is a public/private partnership that seeks to make markets work for forests and people. Together, the partners in the Global Alliance work to advance a new model for forest conservation and community development in USAID client countries in which sustainable forest management is rewarded in the global marketplace. By reducing trade in illegally harvested or unsustainably managed forest products, opportunities for resource-dependent communities and low-income producers will grow.

This report summarizes the accomplishments of the two non-governmental partners—WWF and Metafore—for the third quarter of the second funding year of the Global Alliance (April 1, 2004 through June 30, 2004). During this period, WWF and Metafore made substantial progress towards accomplishing the expected achievements defined for the year.

2. *Expected Achievements and Benchmarks*

In November 2002, Global Alliance members and their partners adopted a Results Framework which outlined expected multi-year achievements and related first year benchmarks. During an annual review in December 2003, Global Alliance members revised the multi-year achievements and drafted benchmarks for year two.

Expected Achievement A: Enhanced demand for legally produced products from well-managed forests through implementation of responsible purchasing practices by businesses, government agencies, and other organizations.

Benchmarks:

- Identify corporate and government leadership to initiate movement toward responsible purchasing practices
- Make the business case illustrating the benefits of instituting appropriate purchasing practices
- Provide and improve methods and systems for implementing responsible purchasing practices
- Increase number of government agencies and businesses that agree to source forest products from legal, well-managed forests

Expected Achievement B: Increased supply of products legally produced from well-managed forests that generate social, economic, and ecological benefits through improved forest management.

Benchmarks:

- Increase the organizational and productive capacity of producers to access domestic and foreign markets
- Increase the area of forest under written commitment to achieve responsible forest management

Expected Achievement C: More efficient trade of legal forest products from well-managed forests through the development and dissemination of information that enhances decision making of willing Buyers and sellers.

Benchmarks:

- Increase the understanding of markets and trade flows
- Increase the informed interaction between buyers and producers
- Exchange information with targeted communities and producers
- Expand database-linked Website to house technical, policy, and market information

Multiple Expected Achievements

The Global Alliance partners also identified the following cross-cutting benchmarks:

- Disseminate trade knowledge to partners, businesses, and community/producer networks.
- Increase communication venues, documents describing lessons learned and success stories to promote innovation and collaboration.
- Carry out studies on policy, regulatory constraints and promote policy changes to secure market access.
- Conduct outreach to communities to use legal, environmentally sound and socially acceptable forest management plans.

3. *Global Highlights*

- As a means of delivering tools to help business leaders and others make intelligent decisions on the issue of responsible forestry, Metafore executed the following communications and outreach products.
 - The readership of Metafore’s weekly newsletter, *In Focus*, continues to grow. Eighteen editions have been distributed. Subscription has grown to nearly 2,000 people. *In Focus* contains links to Metafore Business Action Toolkit materials and the latest news from around the world on responsible wood harvesting and the sustainable purchasing and use of wood and paper by businesses.
 - Metafore announced dates for the Forest Leadership Forum 2006: Moving Dialogue to Action, slated for May 3-6, 2006 in Portland, Oregon. This follow-up to the 2002 Forum is an ideal opportunity for global leaders in business, government and society to learn about the latest information and practical business tools that promote thriving forests around the world through responsible purchasing and consumption, carbon offsets and other innovative business actions.
 - Metafore wrote and released articles on the growing role of China in the marketplace and another piece titled “A New Approach to Encouraging Change in the Tropics”.
 - Metafore presented the Forest Certification Evaluation Tool for Buyers to an International group of business and NGO leaders at a Forest Dialogue meeting in Malmo, Sweden. The focus for this event was on forest certification assessment tools. The 36-page guide will be available in late July.

In addition, Metafore has developed action plans for Forest Leadership Forum 2006, a revamped Certification Resource Center, and developed an extensive case study on The Home Depot that chronicles the development of its responsible wood purchasing policy and the ripple effect it has created to date.

- As of May 2004, WWF Global Forest & Trade Network (GFTN) Producer Groups are reporting 22 members, 28 applicants, and an additional 60 potential members. These companies together manage in excess of 19 million hectares of forest in Russia, South East Asia, West and

Central Africa and Latin America, and trade in over 28 million cubic meters of wood annually (See Table 1).

- WWF's GFTN has now published *Responsible Purchasing of Forest Products* in English, Spanish and Japanese. This publication is a practical guide for organizations wishing to develop a responsible program for the procurement of forest products. A similar guide has been developed in Russia.
- WWF's GFTN has tracked 87 enquiries from buyer members for products from producer members of its Forest & Trade Networks (FTNs). To date, 17 of these enquiries have matured into successful trade ("market links").
- WWF's GFTN has forged two regional Memoranda of Understanding (MOU) with the International Finance Corporation (IFC) in support of GFTN Producer Groups. In Latin America, WWF is working with IFC's Small and Medium Enterprise program to develop credit programs for forest companies participating with GFTN. In Indonesia, GFTN finalized an MOU with IFC's Pengembangan Usaha (PENSA) Program to support furniture exporters to link with the Indonesian Forest & Trade Network.
- HSBC has adopted a new investment policy that establishes a set of guidelines to ensure that their involvement in the forestry sector is consistent with their longstanding commitment to the environment. The policy is very supportive of GFTN Producer Groups, giving preference to customers who have achieved forest certification, or who are following a credible path towards achieving certification within 5 years. Headquartered in London, HSBC is one of the largest banking and financial services organizations in the world.
- Through its Global Wood Initiative, Metafore's intern from Bolivia conducted an assessment of market information needs from USAID market development initiatives in tropical wood producing countries. Thirty businesses, market development initiative coordinators and NGOs from fourteen tropical wood producing countries responded to the needs assessment. Respondents identified over 150 topics believed to be important for making business decisions that balance the opportunities posed by domestic and international markets. These topics will form the basis for the market information research that the intern will conduct.

4. Regional Highlights

Consumer Countries

North American Forest & Trade Network. The North American Forest & Trade Network (NA-FTN) continued to focus its work on U.S. businesses that buy forest products imported from WWF focal forest ecoregions. As the first step to implementing the new work plan, the NA-FTN is assessing the flow of forest products from countries containing WWF focal forest ecoregions that are eventually imported

In this reporting period:

- The NA-FTN team made initial contact with 4 major U.S. importers of Peruvian mahogany. These companies currently purchase and manufacture products from the Peruvian Amazon, but lack specific policies regarding illegal or independently certified wood products. Substantial success has been achieved in "opening the door" with these firms and exploring the possibility of establishing responsible purchasing policies.
- The NA-FTN also worked with an existing stakeholder, Global Alliance partner Andersen Windows, to increase its supply of certified product by encouraging a potential supplier, Siberian

Pine, to pursue certification in Russia. Responding to this request, Siberian Pine has recently completed a certification scoping by Smartwood, which has led to application within the WWF Russia Producer Group.

- Finally, WWF is working through the NA-FTN to ask buyers of paper from Asia Pulp & Paper (APP) to suspend purchases until APP complies with conservation commitments that were made to WWF last year.

Paper Working Group. The Metafore Paper Working Group (PWG) focuses its work in three general areas: defining environmentally preferable paper; developing tools to measure environmentally preferable paper; and collaborating along the value chain on actions that increase the supply and affordability of environmentally preferable paper. Since April 2004, the PWG accomplished several objectives through collaborative dialogue as well as research and analysis coordinated by Metafore.

- Metafore concluded a call for comments on the PWG desired outcomes, which define environmentally preferable paper according to the group. Comments were synthesized and posted to the Metafore website. Revisions are expected to be made in July and the final definition of environmentally preferable paper will be posted to the Metafore website in early August.
- One new participant joined the PWG in June—Bank of America, bringing the total number of participating companies to eleven.
- Metafore worked with PWG participants to develop a comprehensive tool for evaluating environmentally preferable paper. A framework for the tool was created and key indicators for evaluating the environmental performance of paper began to be identified. A stakeholder engagement process is expected to unfold over the coming months.

GFTN Europe. In June 2004, Marks and Spencer and Pearson joined the WWF UK Forest & Trade Network, committing them to increasing the proportion of timber that can be traced back to responsibly managed forests. Marks and Spencer and Pearson are both major consumers of timber and paper products.

The announcement was made as part of an international conference in Farnham, England, which brought together GFTN member businesses to discuss their progress over the last twelve years and examine future opportunities. Over 110 people from 19 countries attended the meeting. Speakers from the public and private sector highlighted issues such as government buying strategy, global deforestation, and retailers' attitudes towards responsible purchasing.

Producer Group coordinators and member companies from Russia, West and Central Africa and South East Asia also attended the conference to encourage further trade links. The enthusiasm demonstrated by UK FTN members at this meeting has generated interest among producers, such as those in Malaysia, to join Producer Groups. (See Asia & Near East section, p. 9.)

Also in this reporting period:

- In April, the WWF-Germany FTN facilitated a visit of German Do-It-Yourself (DIY) store representatives to Arkhangelsk, Russia to meet with the Russian Producer Group. The German DIYs are interested in sourcing from the Producer Group to ensure that their Russian sources are legal and responsibly managed. This trip is seen as a pilot for future trade visits for interested European FTN members.

- GFTN has launched a European Paper Initiative to improve communication, information-sharing and other services for FTN paper members throughout Europe. The initiative will address a number of issues of concern to the paper industry, including corporate social responsibility (CSR), tracking of sources, and joint demand. Through the initiative, GFTN will promote support for Producer Group paper companies and target new strategic FTN paper members.
- GFTN Europe has developed Country Fact Sheets for Finland, Sweden, Poland, Estonia, Latvia, Romania, Northwest Russia, South Siberia and Burma. The fact sheets provide URL addresses to reports and other relevant web-sites, as well as short WWF conclusions about the level of risk involved with importing from the particular country. The fact sheets are available at: <http://www.panda.org>.

Latin America and the Caribbean

Certified Brazil: Forest Products Trade Fair. The first Latin American trade fair for certified forests was held April 15 -17, 2004 in São Paulo, Brazil, the largest consumer center of Amazon wood. The event was organized by FSC Brazil, Imaflora, Imazon (coordinator of the GFTN Producer Group in Brazil) and Friends of the Earth Brazil, which coordinates the GFTN Buyer Group for Brazil.

Upon its opening by Brazilian Minister of the Environment, Marina Silva, the trade fair became a venue for more than 2,500 people to conduct business. Over 50 booths displayed furniture, doors, cosmetics, pencils, construction material, sawn wood, panels, floors, non-timber forest products and more. WWF's Mesoamerican & Caribbean FTN, Jagwood+ and Jagwood+ applicants Flor y Fauna (a major global manufacturer of certified teak) and PRADA S.A. (a Nicaraguan manufacturer of certified plywood and lumber) were among the exhibitors.

As part of the event, GFTN and Metafore presented seminars on *Making the North American Market Work for Forests and People* and *The US Market for Tropical Wood Products*.

GFTN Meeting of the Americas. GFTN utilized the trade fair as an opportunity to hold several meetings and workshops as part of the "Second Annual GFTN Meeting of the Americas." Held over three days in São Paulo, the GFTN conference was attended by 30 WWF FTN staff and partner organizations from throughout Latin America and the U.S. The meeting focused on strategies for FTN management, building market links between members of Producer and Buyer FTNs, effective business partnerships between members, mechanisms for information sharing, and examples of FTN successes in the countries of Brazil, Bolivia, Peru, and Central America. The meeting was useful for sharing tools among the FTNs, defining management issues which need resolution, motivating members, and improving communication between all members.

South American Regional USAID Forestry Forum. WWF highlighted GFTN's work in Latin America, and Metafore presented an abbreviated version of the seminar, *The US Market for Tropical Wood Products* at the first ever region-wide USAID forestry meeting coordinated by USAID-Bolivia in Santa Cruz, Bolivia on April 26 - 27, 2004. The forum was an opportunity to promote coordination on forestry activities in the region, particularly those in the Amazon Basin.

CADEFOR Lesser Known Species workshop. WWF-GFTN and Metafore were active participants in focus groups and presented at a workshop convened by CADEFOR (coordinating organization for the GFTN Producer Group in Bolivia) on marketing "lesser known species" (LKS) from Latin America. Developing markets for these abundantly available species is critical to the economic feasibility of forest certification and the success of forest sector reforms in the region,

particularly in Bolivia and Peru. Working groups made recommendations for refining, augmenting, and standardizing the body of information on LKS. WWF-GFTN volunteered to convene an Experts Working Group, which will prepare a proposal for standardizing common and commercial names for selected LKS and developing a new LKS classification system. A follow-up workshop is planned for 2005 in Peru.

GFTN Producer Group – Brazil: Produtores Florestais Certificados na Amazonia (PFCA).

Two new companies recently joined PFCA, increasing the membership to twelve (9 companies, 3 communities) and significantly increasing the area represented by PFCA – from approximately 400,000 hectares to over 1.1 million hectares. From this total area, 462,471 hectares are already certified while 665,335 hectares are in the final steps of the certification process.

As a result of PFCA's participation in the International Workshop on Community Management Experiences held in the Community of Porto Dias (Acrelândia, State of Acre), the Community Forest Management Project of Porto Dias associated with PFCA completed its first certified timber sale to five companies associated with the GFTN Brazil Buyer Group - Tropik-art, Llussà Marcenaria, Julia Krantz, Marcenaria Baraúna and Orro & Christensen. The event helped define a contract appropriate to the working conditions of Porto Dias and the seven communities involved in the project.

PFCA member Madevale, located in the state of Rondonia, established a market link with Juruá, also a PFCA member, to increase its access to external markets. At 5,000 hectares Madevale has the smallest certified area among the companies in the Amazon, which has hindered its ability to access external markets. Through the connection with Juruá, Madevale was able to access the markets of Indonesia, Europe and the United States. The successful experience of Madevale will be important to stimulate small timber companies to pursue good management practices.

GFTN Producer Group – Mesoamerican & Caribbean: Jagwood+. Jagwood+, the Mesoamerican & Caribbean FTN working with both committed producers and buyers, was officially launched in Nicaragua with support from the government's Ministry of Finance Competitiveness Program, and a group of almost seventy furniture processors, architects, construction companies and hotel industry members. (See Table 1.)

In this quarter:

- Jagwood+ implemented the regional adaptation of the *Modular Implementation and Verification* (MIV) tool in with 25 private companies and 6 communities on 20,000 hectares of forest in the Dominican Republic, Nicaragua, and Costa Rica. The MIV tool is a practical guide to achieving forest certification in a stepwise manner.
- Jagwood+ has been successful in assisting PRADA S.A., a plywood manufacturer with 10,000 certified hectares in the Autonomous Atlantic Coast Region (RAAN) of Nicaragua, to obtain a 10% premium on sales of certified lumber from lesser known species.
- Jagwood+ has also helped to substantially improve the revenues for indigenous communities in the RAAN that responsibly manage their traditional forest resources (up to 200% increase!). (Annex 2: Alliance Chronicles.)
- Jagwood+ produced and distributed a Spanish Wood Specification Guide: *Construyendo la conservación en Centroamérica: Guía para la compra de productos maderables certificados* for architects, designers, and builders in the construction trade.

GFTN Producer Group – Peru. The Peruvian Producer Group is under development and is expected to launch in Fall 2004 with six companies representing 220,000 ha. (See Table 1.)

In conjunction with Peruvian partners, WWF organized and held a successful trade fair in Peru – Negocia Madera 2004 -- designed to link legitimate producers of legal wood products with buyers. The trade fair included presentations from a host of organizations including the GFTN (Responsible Purchasing Policies, Opportunities for Peruvian Wood Products in the Chinese Markets, GFTN Participation Benefits and Requirements), Nowack and Beer (Achieving Brand Name Recognition for Peruvian Products in the U.S. Market) and others. A series of round-table meetings were arranged to link Peruvian buyers with 8 U.S.-based companies that participated in the fair. Finally, 20 different companies presented their products to potential buyers via professionally designed stands.

GFTN Producer Group - Bolivia – GFTN held several meetings in La Paz this quarter with The Nature Conservancy, CADEFOR, IFC, and WWF Bolivia to determine the most appropriate model for a Bolivian Producer Group. CADEFOR members have previously committed to functioning as a GFTN Producer Group but have not formalized membership requirements. The current focus of GFTN activities in Bolivia is formalizing membership, developing access to capital for members, and defining areas of focus for technical assistance from GFTN.

The U.S. Market for Tropical Wood Products Seminars. In April-May of 2004, Metafore, along with partner NGOs implementing USAID market development initiatives in Latin America, hosted five seminars on *The US Market for Tropical Wood Products*. These seminars were based on the research conducted by a USAID-funded intern from Brazil who worked with Metafore for one year. In these seminars, over 300 representatives from the forest industry participated in the seminars located in Brazil, Guatemala, Nicaragua, Costa Rica and Peru. An abbreviated version of the seminar was presented at the USAID meeting in Bolivia on sustainable forest management projects in April of 2004.

The results of the research were also disseminated through several mass media outlets in Central America, a specialized Bolivian publication, *International Trade* and Colombia's leading furniture trade magazine, *Mc&M*. These publications reach an audience of approximately 20,000 individuals from the forest products industry, national and international agencies, and organizations and institutions in four countries.

Asia and the Near East

Malaysian Producer Forest & Trade Network: Kumpulan Khazanah Hijau (Green Heritage Group). Kumpulan Khazanah Hijau (KKH) hosted a 2-day gathering of forest managers, manufacturers, and retailers of wood products as part of its public launch as the Malaysian Forest & Trade Network. On May 11, 2004, Inspiration Furniture Sdn Bhd (IFSB) and WWF-Malaysia signed a Memorandum of Understanding signifying IFSB's participation in the KKH, and its commitment to a stepwise approach to responsible purchasing and supporting forest certification. Inspiration Furniture Sdn Bhd is a major garden furniture manufacturer whose products are sold in the UK by Homebase, a member of WWF's UK FTN.

In June, KKH hosted a delegation of group members and potential members at the GFTN European Conference and UK FTN meeting held in Farnham, England (See Consuming Regions, p. 4). The interest of UK buyers has provided significant incentive for two new companies to join KKH.

GFTN Producer Group – Indonesia: Nusa Hijau. A West Kalimantan forest management unit (FMU) and potential member of the Indonesia Forest & Trade Network (Nusa Hijau) established market links with a UK buyer (and potential member of the UK Forest & Trade Network). Currently, most of the production from this FMU is used for plywood; however, the UK buyer is interested in purchasing timber from the FMU for garden furniture once the concession becomes a member of Nusa Hijau. The switch from plywood to garden furniture is likely to result in an order for 400 additional containers, representing a 25-30% increase in revenues over the potential from plywood. Thus, joining Nusa Hijau may contribute to the creation of almost 200 jobs and US \$6 million in revenue for the area.

Africa

GFTN Producer Group – Central Africa. WWF/GFTN have now completed a report entitled *Central Africa – Southern Europe Wood Trade Flows* that identifies key buyers in Southern Europe and the key product lines that have the greatest potential to drive credible certification in Central Africa. The report identifies target buyers in Southern Europe and target producers in Central Africa for the WWF-GFTN.

In April, Groupe Decolvenaere (GD), a logging company with 139,192 hectares under concession in southeast Cameroon, announced that it will work with WWF towards forest certification and timber labeling. At a joint press conference, GD officials, representatives of GD business partners, and WWF stated their commitments to working towards high standards of forest management and to ensuring acceptable social performance in and around GD's forest concession in the Congo Basin. The partnership was developed in collaboration with the Cameroon Ministry of Environment and Forestry.

GFTN Producer Group – Ghana. A three day training workshop on forest certification and auditing was organized for potential PG members in Ghana. The workshop was attended by 6 potential PG members, Ghana government officials, and indigenous NGOs.

The workshop was followed by the baseline appraisal of four concessions belonging to two Producer Group applicants. Baseline appraisals are an important step in the preparation of stepwise certification action plans. WWF-GFTN has developed a local adaptation of the *Modular Implementation and Verification* (MIV) tool in Ghana, for use in developing certification action plans.

Europe and Eurasia

Russian Producer Group: Russian Association of Environmentally Responsible Timber Producers. Six new members joined the Russian Producer Group (RAERTP) this quarter – JSC “TAMAK” Saw Mill, JSC “Saw Mill №3”, JSC “Saw Mill №25” (Arkhangelsk Region), holding “Cherepovetzles” (Vologda Region), JSC “Lesosibirsk Sawmill” (Krasnoyarsk Region), JSC Solikamsk Paper Mill (Perm Region, Ural) – bringing the total membership to twelve and the area under management to 10,572,000 hectares. (See Table 1.) An additional four companies located in the Irkutsk region (Siberia) have applied for RAERTP membership, including Pristina Pine supplier JSC “Sibirskaya Sosna” (Siberian Pine). “Sibirskaya Sosna” underwent forest management and chain-of-custody pre-assessments and is seeking membership in RAERTP with the encouragement of Global Alliance partner, Andersen Corporation (See Consumer Countries, p. 5).

Interest in certification and RAERTP membership continues to grow. Ilim Pulp Enterprise has announced its intention to certify of 30% of its suppliers, including two companies in the Irkutsk region of Siberia. Arkhangelsk PPM will certify of 60% of its suppliers. Furthermore, IKEA

suppliers Swedwood, IKEA/Tikhvin, "Domostroitel", IKEA/Kirov region, Powolshkaja plywood and furniture manufacturer, and IKEA/Tatarstan Republic are pursuing certification.

In related work, WWF Russia led the formation of a multi-sector working group on high conservation value forest (HCVF) identification in Arkhangelsk and in Krasnojarskiy Kray. RAERTP member Solombala forestry company, announced a moratorium on logging in the Dvinsko-Pinegskij intact forest landscape in Arkhangelsk region pending the completion of an HCVF assessment exercise and the development of management prescriptions for the site with WWF Russia.

Table 1. Producer Group Membership (May 2004 Data)

Producer Group Country	No. of Members	No. of Applicants	No. of Potential Members	FMU Member Hectares	FMU Applicant Hectares	Potential Member Hectares	Wood Volume Traded (m3) (All categories of member)
Brasil	9	1	0	400,943	663,000		130,600
Bulgaria	0	6	0		4,000		140,000
Cameroon	0	0	10			1,343,000	90,000
Gabon	0	0	6			1,050,000	
Ghana	0	4	0		196,771		321,000
Indonesia	0	9	3		2,723,040	667,260	976,455
Jagwood+ Belize	0	0	1				
Jagwood+ Costa Rica	0	0	11			33,610	209,055
Jagwood+ Guatemala	0	0	4				
Jagwood+ Honduras	0	0	1				
Jagwood+ Nicaragua	0	0	3			12,732	
Malaysia	1	2	1		108,665		2,500
Peru	0	0	6			182,000	1,000
Romania	0	0	12			35,815	716,000
Russia	12	6	2	10,572,000	900,000	849,000	25,848,705
Totals	22	28	60	10,972,943	4,595,476	4,173,417	28,435,315
	Members	Potential Applicants	Members	FMU Member Hectares	FMU Applicant Hectares	Potential Member Hectares	Wood Volume Traded (m3) (All categories of member)

FMU: Forest Management Unit

5. *Corporate Partners*

Existing Partnerships

An update on the confirmed partners and leverage is provided below followed by notes on some promising new leads that are in development. In addition to USAID's investment of \$4,475,000, WWF and Metafore have leveraged over \$9 million from a variety of partners.

Table 2: Status of Existing Partnerships and Leverage

Partner	Status of Partnership	Leverage
The Home Depot	Global Alliance charter partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$1,000,000 cash support to WWF \$50,000 cash support to Metafore
Andersen Corporation	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$100,000 cash \$100,000 in-kind
IKEA	Investing in complementary projects in Russia, Bulgaria, Romania and the Baltic states.	\$1,200,000 cash \$72,000 in-kind
Norm Thompson Outfitters	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability. Metafore also worked with NTO to construct a wood products Scorecard to be used by internal buyers.	\$10,000 cash \$17,000 in-kind
McDonald's Corp.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$20,000 cash
Toyota Motor Sales USA, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$15,000 cash
Time, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$35,000 cash \$450,000 in-kind
Hewlett-Packard Co.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$30,000 cash \$280,000 in-kind
Nike, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$30,000 cash \$125,000 in-kind

Starbucks Coffee Company	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$30,000 cash \$60,000 in-kind
Kinko's, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$12,500 cash \$40,000 in-kind
Staples, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$35,000 cash \$175,000 in-kind
Cenveo (formerly Mail-Well)	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$15,000 cash
Sveaskog	Swedish state-owned forest company is partnering with WWF-GFTN to broaden the market for certified products.	\$147,000 cash
Forest Products Association of Canada	Provided cash contribution in support of Metafore's Certification Resource Center, and in-kind support to facilitate dialogue between forest products industry and business Buyers regarding the production of environmentally preferable paper.	\$17,000 cash \$25,891 in-kind (\$CDN35,000)
Certified Wood and Paper Association (formerly CFPC Marketing Collaborative)	In-kind support—based on business contributions and dues—in the form of promotion of certified wood and paper products.	\$307,575 in-kind
Various technical assistance providers	Provided in-kind support in the form of software and reductions of fees as a contribution.	\$8,700
Latin American forest companies in Nicaragua and Costa Rica (11)	Participated in the development and testing of tools to assess production capacity, technical assistance needs, and identify opportunities for growth in the domestic and international marketplace.	\$30,000 in-kind (provided to Jagwood+)
ERM Japan Ltd.	Contributed goods and services for Northeast Asia market assessment	\$14,000 in-kind
WestWind Foundation	Supporting North American FTN activities	\$65,000 cash
Arthur Blank Family Foundation	Supporting North American FTN activities	\$100,000 cash
UK Department for International Development	Supporting development of Ghana and Brazil Producer Groups.	\$600,000 cash

European Union/WWF Belgium	Sustainable Forest Management – Central Africa Project contributing to Producer Group development	\$1,300,000 in parallel investment
DGIS/Belgian Aid Agency	Sustainable Forest Management Project in Democratic Republic of Congo contributing to Producer Group development.	\$1,100,000 in parallel investment
BMZ	Promoting technical partnerships in forest management in Congo Basin contributing to Producer Group development.	\$50,000 in parallel investment
Congo Basin Forest Partnership/FFEM	Jengi Project technical assistance in Cameroon contributing to Producer Group development.	\$225,000 in parallel investment
Rockefeller Brothers Fund	Grant to Metafore to develop market for certified forest products.	\$200,000 cash
Ford Foundation	Grant to Metafore to improve forestry practices around the world through promoting and facilitating the increased purchase, use and sale of third-party certified forest products.	\$300,000 cash
Surdna Foundation	Contribution to Metafore to support development of collaborative for marketing certified forest products.	\$225,000 cash
MacArthur Foundation	General support to Metafore.	\$33,000 cash
GreenWood/Madre Verde	Community based NGO working in Honduras developing conservation-based SME. USAID co-funded activities in years 1 and 2 of Metafore's grant. Additional USAID funding provided via WWF Central America.	\$35,000 cash
PROMPEX	Supported participation of GFTN LAC Regional Coordinator at Negocia Madera 2004 trade show in Lima, Peru	\$1,131 in-kind
Lippencott Mercer	Provided in-kind support to Metafore in the form of services.	\$70,000 in-kind
Newly recruited members of Forest & Trade Networks in LAC, Russia, Africa	As new Producer and Buyers members are recruited to FTNs they will invest in action plans to promote responsible forestry	Significant but as yet not quantified parallel investments and some direct investments

In addition to the funds leveraged through the partners detailed in the table above, WWF is investing \$327,500 of its own core funds to the effort.

Partnerships in development

A number of other partnerships are in the advanced stages of development.

- South Cone: South Cone, which has already invested \$130,000 in the GDA promoting alternative species in Peru, is working with the Global Alliance to provide outreach to the U.S.

furniture industry. WWF and South Cone are currently negotiating a partnership to generate funds through sales of certified furniture.

- Norm Thompson Outfitters: WWF is currently negotiating with Norm Thompson on a partnership that would include both programmatic support and marketing support for certified wood and paper products. Norm Thompson wants to promote its use of FSC certified paper in its catalogues and would donate a percentage of sales to WWF. In addition, it is considering a contribution of \$50,000 to support the work of the Global Alliance.
- Staples, Inc.: WWF is working with Staples on the APP project in Tesso Nilo and has a proposal in to them for an expanded partnership in Indonesia. Staples has already made a substantial in-kind contribution of time and travel dollars for the Asian Pulp and Paper initiative. They are in the process of quantifying that contribution.
- WWF has submitted a proposal to Office Depot for a partnership focused on environmental education and, in conjunction with WWF Canada, an expanded responsible forest trade “value chain project.” In addition, we have a recent inquiry from the Office Depot Foundation about an expanded partnership.

Annex 1: Activities Table

Activity	Respon- sible	Status	Metric						
			policy successes	tools	tech asst. person-days	persons trained	partners	hectares	market links
A. Enhanced demand for legal products from well-managed forests									
A-1 Identify corporate and government leadership									
Analysis of key Buyers	WWF	On-track							
-Central Africa – Europe trade flows	WWF	Completed		1					
-Latin American plywood buyers	WWF	On-track			8		4		
-US-based mahogany importers	WWF	On-track							
Fortune 100 Report update	Metafore	On-track		1					
Corporate outreach – identify new partners	Metafore /WWF	On-track							
-Forest Investment Forum	WWF	Completed				150			
A-2 Make the business case									
Business case	Metafore	On-track		1					
Business news – weekly e-newsletter <i>In Focus</i>	Metafore	Completed		18					
A-3 Provide and improve methods and systems									
Workshops on purchasing/specifying responsibly produced/traded forest products in North America	Metafore	Completed			7				
Workshop on producing and purchasing responsibly produced wood for Peruvian manufacturers (Negocia Madera, June 2004)	WWF	Completed			2	40			
Buyers’ Toolkit	Metafore	Completed		1					
GFTN Responsible Purchasing Guide	WWF	Completed		1 ¹					
GFTN Europe Country Fact Sheets	WWF	Completed		9					
GFTN LAC Specification Guide for Construction Industry	WWF	Completed		1					
North American Responsible Purchasing Guide	WWF/ Metafore	On-track							
Guidance on certification schemes	WWF/ Metafore	On-track							
-WWF/WB questionnaire	WWF	Completed		1					
Paper Working Group scorecard - <i>Environmental Paper Assessment Tool</i>	Metafore	On-track							
A-4 Increase number of government agencies and businesses that agree to source products from legal, well-managed forests									
N. American Forest & Trade Network	WWF/ Metafore	On-track							
GFTN responsible purchasing	WWF	On-track							
-Jagwood+ responsible purchasing policies			9	1			9		
-Staples procurement policy guidance			1						

¹ 2,500 copies distributed.

Activity	Respon- sible	Status	Metric						
			policy successes	tools	tech asst. person-days	persons trained	partners	hectares	market links
Paper Working Group	Metafore	On-track					11		
Corporate engagement	Metafore /WWF	On-track							
-Wood for Building Green workshops				1	15	250			
WWF Japan purchasing/Tesso Nilo seminar						80			
-World Bank Forest Strategy/Operational Policy			1						
-WWF Indonesia-APP Letter of Intent			1						
B. Increased supply of legal products from well-managed forests									
<i>B-1 Increase the organizational and productive capacity of Producers</i>									
Production Capacity Assessment	Metafore	On-track		5	30				
-Nicaraguan and Costa Rican companies	Metafore /WWF	Completed			30		11		
NA Market Assessment	Metafore	On-track							
-Fact sheets				7					
-Market information needs assessment	Metafore	Completed		1			30		
Chain-of-custody tools	WWF	On-track							
-Group Chain-of-Custody certification training for Nicaraguan cooperatives -COC program for monitoring compliance with CITES II, legal and independent certification	WWF	Completed		1	30	4	3		
<i>B-2 Increase area of forest under written commitment to achieve responsible forest management</i>									
Certification/stepwise approaches to improving forest management training	WWF	Completed							
-Producer Group/MIV				1		75			
-High Conservation Value Forests				1		50			
-Biological Monitoring				1		35			
-multi-stakeholder standards setting				1		135			
Producer Groups network development	WWF								
Indonesia		On-track							
-Launch event					1	80			
Malaysia		On-track					1		
Ghana		On-track		1					
- Auditing training					1	15			
Russia		On-track					12	10,972,943	
Central Africa		On-track			1		1		
-Launch event					1	50			
Brazil		On-track					12	1,127,806	
Mesoamerica & Caribbean (Jagwood+)		On-track					30	9,232	
New Producer Groups launched	WWF								
Peru		On-track							
Bolivia		On-track							
Vietnam		Delayed							

Activity	Respon- sible	Status	Metric						
			policy successes	tools	tech asst. person-days	persons trained	partners	hectares	market links
C. More efficient trade of legal products from well-managed forests									
C-1 Increased understanding of markets and trade flows									
Trade flow analysis	WWF	On-track							
-Indonesia-US trade flow study -Opportunities for Peruvian wood manufacturers in the Chinese market	WWF	Completed Completed		1 1	30	4			
N. American market assessment	Metafore	On-track							
-Database on N. American importers		Completed		1					
-Interview and provide importers with information		Completed				18			
C-2 Increase informed interaction between Buyers and Producers									
GFTN network development	WWF	On-track							
-Brochure, bulletin				2					
-Regional meetings (Americas, Europe, Asia)						306			
Market links activities	WWF	On-track							17
C-3 Exchange information									
Global Wood initiative	Metafore	On-track					11		
-US Market for Tropical Wood Products seminars	Metafore	Completed		1	6	300			
-Professional development intern	Metafore					1			
Micro-enterprise development – GreenWood/Madre Verde	Metafore /WWF	Completed						64	3
-Honduran community training					58	54			
Lesser-known species	Metafore /WWF	Delayed							
C-4 Expand database-linked Website									
Certification Resource Center – product search tool	Metafore	On-track		1					
Web tools - Action briefs, Fact Sheets, Policy Guides, etc. placed on www.metafore.org	Metafore	On-track		27					
GFTN Web page	WWF	On-track							
D. Multiple Expected Achievements									
Forest Leadership Forum	Metafore	On-track							
Illegal logging awareness	Metafore	On-track				34			

Activity	Responsible	Status	Metric						
			policy successes	tools	tech asst. person-days	persons trained	partners	hectares	market links
Improved policy environment	WWF	On-track							
-Inclusion of SFPGA in PIAIL			1						
-Peru Intergovernmental Agency Commission Against Illegal Logging			1						
-Indonesia: AAC exemption for certified operations			1						
-Inclusion of SFM in Congo Basin Forest Partnership			1						
-new Nicaraguan Forestry law includes certification			1						
-Multi-sectoral consultative body established for RAAN region of Nicaragua to promote certification and complete Forest Strategy			2	1	60	40	5		
TOTAL Metrics (Years 1-2 Cumulative)			19	91	280	1,721	140	12,110,045	20
			policy successes	tools	tech asst. person-days	persons trained	partners	hectares	market links

Annex 2: Alliance Chronicles

The Miskito's Forest in Nicaragua: Looking for a Worthwhile Alternative

Over the last century, the ancestral lands in the Nicaraguan Atlantic region have been the scene of an amazing array of commercial operations. A hundred years ago, gold, silver, zinc, wood, and bananas flowed from within the Moskitia, an indigenous territory shared by Nicaragua and Honduras, through its rivers to Caribbean ports, and on to Europe and the United States.

The North Atlantic Autonomous Region (RAAN) spans 58,000 km², a bit larger than Costa Rica, Nicaragua's neighbor to the South. However, in the RAAN there are only 231,000 inhabitants, in comparison to the four million people in Costa Rica. Here in the RAAN live the Miskitos.

The RAAN, Central America's largest, most intact lowland tropical forest and coastal ecosystem, receives only 0.93% of the state budget. In Prinzapolka – once a trade center for minerals, cedar and mahogany - per capita annual income is only about 28 USD.

"Here we can find almost 60% of Nicaraguan pristine forests", explains Centuriano Knight, leader of the indigenous organization Yatama, and member of the local government. "This area is the richest in forest and marine resources; however, it is the poorest in the country", laments Knight.

Magic Land

It was already night when we arrived at Layasiksa, a small town south of Puerto Cabezas. Tonight, we sleep on hammocks - no electricity, no running water, no phones. Pigs, chickens, and cows wander freely, scavenging for food.

There are 136 families in Layasiksa and less than a thousand people. Settlers cultivate beans, corn and cassava for their own subsistence. Both men and women fish and hunt. Here, except for the town's teacher and nurse, no one works for a salary.

The community profits from 35,000 hectares of surrounding forest, of which, a mere 4,500 hectares are under a management plan. In addition, Layasiksa has signed an agreement with PRADA, a large plywood manufacturer, for a 5,000 hectare concession to be managed as a certified operation.

This is where WWF, with support from the United States Agency for International Development (USAID), has begun the implementation of a program to protect the Miskitos' forests. "We initiated three main areas of work: forest inventory, management planning, and environmental impact assessment", explains Steve Gretzinger, Forest Director for WWF Central America.

The communal forests of Layasiksa are rich in hardwoods and Caribbean Pine. Commercialization opportunities include leasing concessions to lumber companies, selling round and sawn wood, and manufacturing crafts and furniture.

"Traditionally, lumber companies in the RAAN paid less than \$14 per tree. In 1999, before the management plan was implemented, they cut around 800 mahogany and cedar trees, and no one received a cent for them", says Ronaldo Ocampo, a 25-year old Miskito leader and member of the Communal Forest Committee. Currently, only 4 thousand hectares of untouched forests are left - and they plan to keep them so.

The European and North American markets that once extracted vast quantities of precious woods and minerals are now reluctant to accept wood from tropical forests due to concern over rapid rates of deforestation. The Miskito must also deal with illegal logging and the widespread encroachment of cattle farms that are destroying their precious resource.

As a result, the Miskito have developed a forest management plan to help them overcome the extreme poverty and curb the rate of deforestation. It is the first plan of its kind approved by the Nicaraguan government. The plan advocates harvesting approximately 200 hectares of mature trees annually, utilizing wood that would otherwise decay and opening space for growing trees.

Certification for responsible forest management

Management which benefits the forest is not enough, however. It is imperative that communities benefit as well. This can best be achieved by expanding market access for their sustainably-harvested wood through a 'green seal' such as that used by the Forest Stewardship Council (FSC) to promote the sale of well-managed forest products and certified wood over traditionally harvested wood.

"The goal is to encourage the sales of certified forest products and to open new markets", said Gretzinger in a recent meeting in Managua.

In Nicaragua, the Holiday Inn Select Hotel, 'Desarrollo Forestal', Lolo Morales Furniture, Exchange and Ecoforestal have committed themselves to products created with certified wood, particularly those that come from the RAAN. Commitments like these provide crucial incentives for balanced forest management.

People from Layasiksa are aware of the long road ahead to achieving certification. Conflicts among communities, ancient traditions, and technical and administrative problems in project management all must be addressed if forest certification is to become a reality. Yet Miskitos know that their future livelihoods depend on the forests for social, ecological and subsistence needs.

With the assistance of WWF and USAID, the Miskitos from Layasiksa can stand firm against illegal and unsustainable logging and promote responsible forest management. The Miskitos can now see a future where they are able to alleviate poverty and protect their environment.

"With USAID's support, WWF is helping us with a strategic plan to care for our land, a land of wisdom, of precious forests that deserve protection," says Rufino Johnson, a representative of the Layasiksa local government responsible for natural resources. "If the management plan goes smoothly, we will get \$50,000 this year: \$15,000 will go to cover expenses and the rest will be used to pay a nurse, buy medicines, and provide scholarships to young students."

The recently-approved Nicaraguan National Plan for Development proposes the creation of industrial clusters to promote development. The forest sector forms one of those clusters. Carlos Zuñiga, from the Presidential Committee for Competitiveness, asserts that WWF is the ideal partner to encourage the forest cluster.

"We are all in the same boat. What other alternative would permit the development of those impoverished communities, and ensure a balanced use of their natural resources? So far, there is none."

Adapted from an article by Gilberto Lopes with support from WWF Central America. Gilberto Lopes is a freelance Brazilian journalist based in Costa Rica.

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Using Market Knowledge to Advance Global Forest Sustainability

Imaflora's Estevao Braga has a pretty thick skin and a gift for persuasion.

If you spent the good part of a year cold-calling U.S. tropical wood buyers about their purchasing practices and importing hurdles, dealing with dismissal would be a part of daily life.

"Who are you?" "What do you want this for?"

"I don't have time for this."

But Estevao, sponsored by the United States Agency for International Development through its Sustainable Forest Products Global Alliance, interned for North American non-profit Metafore for a year to gather this information and educate forest products producers in developing countries, is a smooth operator. The Brazil native used his wealth of knowledge on the issues, approachable nature and Portuguese-inflected English to win over buyers.



Estevao Braga bringing his knowledge to the people.

He took leave of Imaflora in Brazil in March 2003 to intern in Oregon on a project that would inform foreign producers of sustainably harvested forest products on the opportunities and requirements of doing business in the U.S. marketplace. With Estevao's help, several U.S. buyers came to understand that by educating foreign producers about the U.S. market it could ultimately help them secure a consistent supply of quality product.

His cold call acumen and ability to smooth talk gate-keeping secretaries got Estevao in the door for face-to-face meetings and telephone interviews with some of the most influential tropical wood buyers in the United States. Those meetings, coupled with dogged research on market trends, helped him put together a definitive how-to series of fact sheets titled "The U.S. Market for Tropical Wood Products" (available at www.metafore.org) that are taking Central and South America countries by storm.

In May 2004, Metafore, along with partner NGOs implementing U.S. Agency for International Development market development initiatives in Latin America, hosted five seminars presented by Estevao in Brazil, Costa Rica, Nicaragua, Guatemala and Peru based on his research, which was funded by USAID and the USDA Forest Service.

"After each presentation, I realized how big the lack of information about international forest products markets in Latin America was," Estevao noted. "All these countries are facing economic struggles, but they have potential to compete in niche markets for forest products. I believe the presentation gave them tools and knowledge to better prepare themselves and their companies to go overseas."

"To hear from many attendees how important that information was for their businesses—to interact with them and ultimately help them to understand how to find better markets for their certified products—is a priceless reward," he added.

More than 300 representatives from the forest products industry participated in the seminars, dedicated to showing those on the ground in these countries that if they implement responsible harvesting practices they can build a lucrative long-term future for their forests and communities.

Participants in the seminars universally noted in feedback documents that the material was helpful and that Estevao was very knowledgeable on the subject.

"This information received in the seminar was important to better structure the required processes to export products, visualize the market opportunities to export to U.S., especially with export expectations after the free-trade agreement was signed," remarked one seminar attendee.

After word of the presentations got out, several mass media outlets in Central America, including Bolivia's *International Trade* and Columbia's *McM Magazine* on that country's wood and furniture industry, sought to publish the material in the presentations to an even broader audience.

What's more, Estevao may have found a new calling. This isn't going to be the last time you hear from him about market linkages and responsible forestry in the tropics.

"This motivates me to continue developing research tools, structure market information and link sustainable business around the world," he said.

About Metafore

Metafore catalyzes business action that conserves, protects and restores the world's forests. We envision a world where business enhances forests and communities.

Metafore seeks out leaders in business, government, and all other realms of society who share our vision of business prosperity and forest integrity. Together, we collaborate on innovative market-based approaches that support thriving forests and communities.

A non-profit organization, Metafore provides wide-ranging expertise in the emerging market of responsible forest products, objective advice blending business needs and environmental concerns, and leadership in new ways to approach old problems.

For more information on Metafore and its mission, visit www.metafore.org.



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